

Louisiana Property and Casualty
Insurance Commission
Louisiana Department of Insurance
P.O. Box 94214
Baton Rouge, LA 70804-9214
www.ldi.la.gov

*Louisiana Property and Casualty
Insurance Commission
Monthly Report*
Online at www.ldi.la.gov

Volume 3- Issue 10 - October 2003

FLEXIBLE RATING FORUM

DISCUSSION OF
ACT 351 - REGULAR LEGISLATIVE SESSION
(EFFECTIVE JANUARY 1, 2004)

OCTOBER 14, 2003
2:00 P.M. TO 4:00 P.M.

LOUISIANA DEPARTMENT OF INSURANCE
POYDRAS BUILDING - HEARING ROOM
1702 NORTH 3RD STREET
BATON ROUGE, LA 70804

Louisiana Property and Casualty Insurance Commission -*Monthly Report*

- ◆ *The Monthly Report* is the newsletter of the Louisiana Property and Casualty Insurance Commission, Louisiana Department of Insurance, 1702 N. 3rd Street, 3rd Floor, P.O. Box 94214, Baton Rouge, LA 70804-9214 225-342-7187 (PH) 225-342-6057 (FX)
 - ◆ *The Monthly Report* may be reprinted with prior permission.
 - ◆ The Louisiana Property and Casualty Insurance Commission was created by the enactment of R.S. 22:15 in the 2001Regular Session of the Louisiana Legislature to review and examine the availability and affordability of property and casualty insurance in the state of Louisiana. The commission will also undertake a comprehensive study and provide oversight and enforcement recommendations of the effectiveness of law enforcement and implementation of programs aimed at enforcement throughout the state of those laws and programs which affect property and casualty insurance rates.
- LA Property & Casualty Insurance Commission Staff
Molly Quirk, Director
Terrell Moss, Research Analyst
Rana Johnson, Staff Support

A forum will be presented by the Office of Property and Casualty to discuss Act 351 (Senate Bill 721). This act provides for a flex-band system, which allows insurers to file and use amended rates, provided they are actuarially justified, 30 days from submission. It allows multiple decreases and increases in a 12-month period, not exceeding the 10 percent flex band. This act will go into effect January 1, 2004.

Mrs. Paula Davis, Deputy Commissioner of the Office of Property and Casualty, will welcome the participants to the meeting. Following the opening remarks by Mrs. Davis, a brief legislative overview will be presented by Comissioner of Insurance Robert Wooley. An agents prospective will be given by representatives from the Independent Insurance Agents of Louisiana (IIAL) and the Professional Insurance Agents of Louisiana (PIA). Mrs. Malissa Drake, Director of the Insurance Rating Division, will present a regulatory prospective.

For additional information, please go to the Department of Insurance website: www.ldi.la.gov, under “What’s New”, Flexible Rating Forum.

Blood-Alcohol Limit Lowered

A new law went into effect on September 30, 2003, lowering the legal level of alcohol in the blood from .10 to .08. Louisiana State Police troopers will aggressively enforce the new DWI limit. Safety is the goal of the department. Law enforcement officials warn that many drivers could be legally impaired and not realize it. The difference between 0.10 and 0.08 is one drink.

State police arrested 10,190 people suspected of operating a vehicle while under the influence of alcohol during the year 2002 that ended August 31st. They also investigated 518 fatal crashes and estimate that 48 percent of those were alcohol related, compared to 41 percent for the national average in 2002. Louisiana repeatedly has one of the country’s worst rates of alcohol-related fatalities. The new law should help save lives on Louisiana highways. Safety experts say the lower DWI limit could save between 17 to 50 lives per year.

Louisiana qualified for federal incentive grants by conforming to the .08 BAC law that went into effect by the September deadline. The funds may be used for highway safety or highway construction projects. Forty-three other states, the District of Columbia and Puerto Rico have received a total of \$86.4 million in grants for the fiscal year 2003.

The new law sets penalties for a first offense DWI at a \$300 to \$1,000 fine and 10 days to six months in jail. For a second offense, the fine is \$750 to \$1,000 and jail term starts at 30 days. The new law also lets police ticket vehicle or boat drivers under the influence of drugs, whether prescription or non-prescription, which could not happen under the old law.¹

Source 1: www.theneworleanschannel.com

Louisiana Property and Casualty Insurance Commission Members		
Commissioner Robert Wooley		Tom O’Neal
Jeff Albright	H. Marcus Carter	Theodore “Ted” Haik, Jr.
Col. Jim Champagne	Representative Shirley Bowler	Aubrey T. Temple, Jr.
Senator Donald R. Cravins	Representative Dan Morrish	Dan Boudreaux
Senator Max Tatum Malone	Terry Lisotta	Lt. Col. John LeBlanc
Rodney Braxton	Kay Hodges	Chad Brown
Sheriff Greg Champagne	Richard Clements	Earl Taylor

Louisiana Citizens Property Insurance Corporation

Act 1133 creates the Louisiana Citizens Property Insurance Corporation (LCPIC) to operate the FAIR and Coastal Plans. This important piece of legislation, sponsored by Representative Dan Morrish, a member of the Louisiana Property and Casualty Insurance Commission, and Senator Jay Dardenne, went into effect August 15, 2003.

This non-profit corporation will have a 15-member board of directors as a governing body. The act changes the financing mechanism for the plans, enabling LCPIC’s income to be exempt from federal income tax. The corporation will be able to build tax-free reserves for catastrophe losses and issue tax exempt bonds. The corporation will operate these insurance plans for applicants unable to get insurance in a voluntary market. However, the average rates must be at least 10 percent above the competitive voluntary market rates in each parish in which the coverage is sought.

At a meeting of the Louisiana Property and Casualty Insurance Commission, Mr. Terry Lisotta, manager of the Property Insurance Association of Louisiana (PIAL), gave an overview of the progress being made on the LCPIC. A transition committee has been formed from members of the Executive Committee of the PIAL. This committee has established an organizational chart and a plan of operation for the LCPIC. Mr. Lisotta also reported that the banking request for proposals (RFPs) will be done.

A permanent board will be put in place after the law goes into effect on January 1, 2004, according to the legislative guidelines of the act. This board will seek and hire a chief financial officer to handle the funds of the plans.

A letter has been written to the Internal Revenue Service requesting tax-free status for the corporation. A meeting of the transition committee will take place this week in New Orleans to further the implementation of the plan of operation.

Congratulations!

Senator Cravins, Senator Malone, Representative Bowler, Representative Morrish and Sheriff Greg Champagne upon your recent re-election.